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Financial Report

***Robert Mills Lusher Alternative Elementary
School Parent-Teacher-Student Association***

***For The Twenty-Four Month Period Ended
August 31, 2004***

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 5-24-06

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For The Twenty-Four Month Period Ended August 31, 2004

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FINANCIAL SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Directors,
Robert Mills Lusher Alternative Elementary School Parent-Teacher-Student Association,
New Orleans, Louisiana

We have audited the accompanying statement of assets, liabilities and net assets - modified cash basis of Robert Mills Lusher Alternative Elementary School Parent-Teacher-Student Association, (a non-profit organization) as of August 31, 2004, and the related statements of revenues, expenses, and changes in net assets - modified cash basis, functional expenses - modified cash basis, and cash flows - modified cash basis for the twenty-four month period ended August 31, 2004. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1b, these financial statements were prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of Robert Mills Lusher Alternative Elementary School Parent-Teacher-Student Association as of August 31, 2004, and its revenues, expenses, and changes in net assets and cash flows for the twenty-four month period then ended, on the modified cash basis of accounting described in Note 1b.

In accordance with Government Auditing Standards, we have also issued our report dated March 16, 2006, on our consideration of Robert Mills Lusher Alternative Elementary School Parent-Teacher-Student Association's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
March 16, 2006.

STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS -
MODIFIED CASH BASIS

**Robert Mills Lusher Alternative Elementary
School Parent-Teacher-Student Association**

August 31, 2004

Assets

Cash and cash equivalents	\$ 538,557
Investments	<u>77,702</u>

Total Assets	<u><u>\$ 616,259</u></u>
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Net Assets

Unrestricted	\$ 429,454
Temporarily restricted	<u>186,805</u>

Total net assets	<u><u>\$ 616,259</u></u>
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See notes to the financial statement.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET ASSETS - MODIFIED CASH BASIS

**Robert Mills Lusher Alternative Elementary
School Parent-Teacher-Student Association**

For the twenty-four month period ended August 31, 2004

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and Other Support			
Grants - state agency	\$ 344,417		\$ 344,417
Contributions	90,090	\$ 184,369	274,459
Program service fees	185,128		185,128
Special events	135,760		135,760
Assessments - students	73,818		73,818
Investment income	19,332		19,332
Other	2,190		2,190
	<hr/>	<hr/>	<hr/>
Total revenues and other support	850,735	184,369	1,035,104
Net Assets Released From Restrictions			
Program restrictions satisfied by payments	46,402	(46,402)	-
	<hr/>	<hr/>	<hr/>
Total revenues, other support and net assets released from restrictions	897,137	137,967	1,035,104
	<hr/>	<hr/>	<hr/>
Expenses			
Program services	578,859		578,859
Management and general	13,919		13,919
Fundraising	32,291		32,291
	<hr/>	<hr/>	<hr/>
Total expenses	625,069	-	625,069
	<hr/>	<hr/>	<hr/>
Change in Net Assets	272,068	137,967	410,035
Net Assets			
Beginning of year	157,386	48,838	206,224
	<hr/>	<hr/>	<hr/>
End of year	\$ 429,454	\$ 186,805	\$ 616,259
	<hr/>	<hr/>	<hr/>

See notes to the financial statement.

**STATEMENT OF FUNCTIONAL EXPENSES -
MODIFIED CASH BASIS**

**Robert Mills Lusher Alternative Elementary
School Parent-Teacher-Student Association**

For the twenty-four month period ended August 31, 2004

	Program Services	Support Services Management And General	Fundraising	Total Expenses
Accounting	\$ -	\$ 7,095	\$ -	\$ 7,095
Capital campaign	-	-	7,756	7,756
Computer expenses	12,702	-	-	12,702
Expenses for new building	25,944	-	-	25,944
Gifts	-	1,592	-	1,592
Miscellaneous	6,964	5,097	587	12,648
Professional services - teachers	369,318	-	-	369,318
School support	106,213	-	-	106,213
Security	5,940	-	-	5,940
Special event expenses	-	-	23,948	23,948
Sports programs	12,420	-	-	12,420
Staff development	31,690	-	-	31,690
Supplies	7,668	135	-	7,803
Total expenses	\$ 578,859	\$ 13,919	\$ 32,291	\$ 625,069

See notes to the financial statement.

STATEMENT OF CASH FLOWS -
MODIFIED CASH BASIS

**Robert Mills Lusher Alternative Elementary
School Parent-Teacher-Student Association**

For the twenty-four month period ended August 31, 2004

Cash Flows From Operating Activities:

Change in net assets	\$ 410,035
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Unrealized gains on investments	<u>(12,957)</u>
Net cash provided by operating activities	<u>397,078</u>

Cash Flows From Investing Activities:

Purchases of investments	<u>(64,745)</u>
Net cash used in investing activities	<u>(64,745)</u>

Net Increase in Cash and Cash Equivalents

332,333

Cash and Cash Equivalents

Beginning of year	<u>206,224</u>
End of year	<u><u>\$ 538,557</u></u>

See notes to the financial statement.

NOTES TO FINANCIAL STATEMENTS**Robert Mills Lusher Alternative Elementary
School Parent-Teacher-Student Association**

For The Twenty-Four Month Period Ended August 31, 2004

**Note 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES****a) Nature of Activities**

Robert Mills Lusher Alternative Elementary School Parent-Teacher-Student Association (the "Association") is a nonprofit organization providing services and support for the welfare of children in their home, school, and community. The Association is organized to bring the home and the school to a closer relationship; to enhance the effectiveness of communications between parents, teachers and students and more specifically, Robert Mills Lusher Alternative Elementary School (the "School"); to facilitate parents' efforts to serve as a resource to the school; and to assist the School whenever possible. The Association provides services through various classes in two programs: The Art After Hours Program and Extended Day Program.

b) Basis of Accounting

The financial statements of the Robert Mills Lusher Alternative Elementary School Parent-Teacher-Student Association are prepared on the basis of cash receipts and disbursements with the following exceptions:

- Investments in marketable securities are recorded at fair market value with unrealized gain or loss on market value being recognized when incurred.

The modified cash basis of accounting differs from generally accepted accounting principles primarily because interest and dividends are reported when received, contributions and grant revenue are reported when cash is received, and trade accounts payable are not recorded.

Note 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements for Not-For-Profit Organizations." Under SFAS No. 117, net assets, revenues and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Association and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Association and/or the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor - imposed stipulations that they be maintained permanently by the Association. The Association does not have any permanently restricted net assets.

d) Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

e) Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Association considers all highly liquid investments available for current use with an initial maturity of three months or less and money market funds to be cash equivalents.

Note 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Contributions and Revenue Recognition

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions, when cash is received. Support that is restricted by a donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting periods are reported as unrestricted support.

g) Investments

Investments in equity securities with readily determinable fair values established in exchange markets and all investments in debt securities and certificates of deposits are measured at fair value.

h) Donated Services of Volunteers

Donated services have not been reflected in the financial statements since no objective basis is available to measure the value of such services. A substantial number of volunteers donate significant amounts of their time in the Association's program and supporting services.

i) Allocated Expenses

The costs of providing the various programs and other activities are summarized in the consolidated statement of functional expenses. Certain expenses have been allocated among the programs and support services based on management's estimates of the costs involved.

Note 2 - INCOME TAX STATUS

The Association is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Note 3 - INVESTMENTS

At August 31, 2004, investments in marketable equity securities consisted of the following:

	<u>Cost</u>	<u>Market Value</u>	<u>Excess of Market Value Over Cost</u>
Balances at August 31, 2004	<u>\$64,745</u>	<u>\$77,702</u>	\$12,957
Balances at August 31, 2002	<u>\$ -</u>	<u>\$ -</u>	-
Increase in unrealized appreciation			<u>\$12,957</u>

Investment income for the twenty-four month period ended August 31, 2004 is summarized as follows:

Interest	\$ 686
Dividends	5,689
Unrealized gains	<u>12,957</u>
Total investment income	<u>\$19,332</u>

Note 4 - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are restricted by donors for specific purposes. Restrictions on such funds are considered to expire when payment for the restricted purpose is made.

Temporarily restricted net assets at August 31, 2004 are available for the following purpose:

Robert Mills Lusher Alternative Elementary School building extension (Capital Campaign)	\$150,669
Computer hardware and software, technical support, and teacher training	<u>36,136</u>
Total	<u>\$186,805</u>

Note 5 - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Association to risk include cash and cash equivalents on deposit with financial institutions. These balances are insured by the Federal Deposit Insurance Corporation up to \$100,000 at each bank and by the Securities Investor Protection Corporation up to \$500,000 at each investment brokerage firm (with a limit of \$100,000 for cash). At August 31, 2004, the Association's uninsured cash balances were approximately \$342,000.

Note 6 - SUBSEQUENT EVENTS

On August 29, 2005, New Orleans and the surrounding area suffered a natural disaster, Hurricane Katrina. The School's enrollment dropped from approximately 1,200 students to approximately 800 students for the 2005 - 2006 school year. Assessments - students, program service fees for classes, and grants - state agency will be reduced to the decline in enrollment for fiscal 2006 and 2007 years. Management is not able to estimate the overall effect of the storm on future operations at this time.

After Hurricane Katrina, the Board of Secondary Education and the Orleans Parish School Board agreed to make Lusher Elementary School a charter school. The name of the School has been changed to Lusher Charter School.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS



Bourgeois Bennett

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Members of the Board of Directors,

Robert Mills Lusher Alternative Elementary School Parent-Teacher-Student Association,
New Orleans, Louisiana

We have audited the financial statements of Robert Mills Lusher Alternative Elementary School Parent-Teacher-Student Association (a nonprofit organization) as of and for the twenty-four month period ended August 31, 2004, and have issued our report thereon dated March 16, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Robert Mills Lusher Alternative Elementary School Parent-Teacher-Student Association's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Robert Mills Lusher Alternative Elementary School Parent-Teacher-Student Association's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying schedule of findings and responses as items 04-01, 04-02, 04-04, 04-05, 04-06, 04-07, and 04-08.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable condition described above, we consider items 04-02, 04-04, 04-05, 04-06, and 04-07 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under Government Auditing Standards, described in the accompanying schedule of findings and responses as Item 04-09.

This report is intended solely for the information and use of the Board of Directors, management, the State of Louisiana and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
March 16, 2006.

SCHEDULE OF FINDINGS AND RESPONSES

Robert Mills Lusher Alternative Elementary School Parent-Teacher-Student Association

For The Twenty-Four Month Period Ended August 31, 2004

Section I - Summary of Auditor's Report

a) Financial Statements

Type of auditor's report issued: *unqualified*

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Reportable condition(s) identified that are not
considered to be material weakness X yes no

Noncompliance material to financial statements noted? yes X no

b) Federal Awards

Robert Mills Lusher Alternative Elementary School Parent-Teacher-Student Association did not receive federal awards in excess of \$300,000 during the year ended August 31, 2003 or \$500,000 during the year ended August 31, 2004 and, therefore, is exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Section II - Financial Statement Findings

Internal Control Over Financial Reporting

04-01 Lack of Segregation of Duties

Criteria - The internal control structure should be designed to provide for adequate segregation of duties to provide reasonable assurance that all transactions are being properly recorded in the accounting records.

Condition - The majority of the accounting functions of the Association are performed by one person.

Section II - Financial Statement Findings (Continued)

Internal Control Over Financial Reporting (Continued)

04-01 Lack of Segregating of Duties (Continued)

Context - Systematic, prevalent throughout the system of internal controls for the period tested.

Effect - A weak system of internal controls over financial reporting which may result in errors and fraud not being detected in a timely manner.

Cause - A limited number of employees qualified to assist in the accounting function.

Recommendation - We recommend the Association consider having other personnel involved in the accounting function, although to employ such controls may not be cost beneficial.

Views of responsible officials of the auditee when there is a disagreement with the finding, to the extent practical - None.

04-02 Lack of Documentation For Bank Deposits For Program Service Fees - Art After Hours Program and Extended Day Programs

Criteria - Accounting records should provide support for all bank deposits and posting to the books of original entry.

Condition - Many of the bank deposits did not have supporting documentation such as deposit slips and teacher logs to indicate how many students attended class and how much fee revenue was collected.

Context - Systematic, prevalent throughout the period tested.

Effect - Extensive work was done to attempt to find sign-in logs and reconcile attendance records and fees collected to bank deposits.

Cause - Records were not retained by the Association or the school in an organized manner due to lack of staff.

Section II - Financial Statement Findings (Continued)

Internal Control Over Financial Reporting (Continued)

04-02 Lack of Documentation For Bank Deposits For Program Service Fees - Art After Hours Programs and Extended Day Programs (Continued)

Recommendation - The Association should require teachers to complete a payment log for each day that fees are collected to document the student's name, amount paid, and what classes are being attended. These logs should be accumulated by the Association's bookkeeper and filed permanently as support for bank deposits. The payments of fees should also be reconciled to class attendance records.

Views of responsible officials of the auditee when there is a disagreement with the finding, to the extent practical - None.

04-03 Maintenance of Records to Support Student Assessments

Criteria - The School should maintain adequate documentation of assessment fees collected from students and provide it to the Association along with the checks.

Condition - No bank deposit slips could be located to support the bank deposits, and neither the School nor the Association could locate any records for which students paid an assessment or reconcile the amount received to a student roll for the School.

Context - Systematic, prevalent throughout the period tested.

Effect - Without a reconciliation of amounts received for student assessments, it is impossible to verify that assessment revenue is accurate.

Cause - Detailed documentation was not prepared and forwarded to the Association.

Recommendation - We recommend the Association should request adequate documentation from the School to support the amount of assessment fees received.

Views of responsible officials of the auditee when there is a disagreement with the finding, to the extent practical - None.

Section II - Financial Statement Findings (Continued)

Internal Control Over Financial Reporting (Continued)

04-04 Inadequate Recordkeeping For Requests For Cost Reimbursement Under The State Grant For Fiscal August 2003

Criteria - Adequate documentation should be maintained to support the amounts reported by teacher on the Office of Family Support (OFS) Provider Request For Payment Cost Reimbursement Invoice (Reimbursement Invoice).

Condition - Although bi-weekly teacher sign-in sheets where teachers note the amount of hours worked each day were located, there was no reconciliation of hours per these sign-in sheets by person to amounts on the Reimbursement Invoices.

Context - Systematic, prevalent throughout fiscal 2003.

Effect - Extensive scheduling of all hours worked for a sample of teachers as reported on sign-in sheets had to be performed to test amounts requested for reimbursement.

Cause - Either reconciliations were not prepared adequately or they were misplaced due to turnover of personnel at the School and volunteers working for the Association, and an overall lack of personnel to do the work.

Recommendation - Detailed reconciliations of hours worked by each person as reported on sign-in sheets, multiplied by the cost reimbursement rate by category as approved in the grant, should be prepared to agree the total for each person to the amounts reported on each Reimbursement Invoice for all grants that are on a cost reimbursement basis with stipulated salary pay rates. A full time staff person should be hired to handle the accounting functions.

Views of responsible officials of the auditee when there is a disagreement with the finding, to the extent practical - None.

Section II - Financial Statement Findings (Continued)

Internal Control Over Financial Reporting (Continued)

04-05 Errors in Cost Reimbursements Under The State Grant For Fiscal August 2003

Criteria - Calculations of hours worked by teachers per sign-in sheets multiplied by approved cost reimbursement salary rates for each teacher should agree to amounts reported on Reimbursement Invoices.

Condition - For a selection of test items, a reconciliation was prepared by scheduling hours per sign-in sheets, the total hours were multiplied by the approved cost reimbursement rate per the State grant, and the total compared to the amount on the reimbursement invoices. In several instances, differences were noted between the calculated amounts and the amounts on the Reimbursement Invoices, or the total hours did not agree. Some sign in sheets could not be located. It was difficult or impossible to verify the teacher's classification used for calculating the amount on the Reimbursement Invoices as the State Grant's budget narrative authorizes different cost reimbursement rates for several service categories.

Context - Systematic, prevalent throughout fiscal 2003.

Effect - Errors lead to difficulty in determining that reimbursement requests were prepared accurately.

Cause - Errors were caused by turnover of personnel at the School and the Association, and there is an overall lack of personnel to effectively handle the accounting functions.

Recommendation - As noted in Item 04-04, a fulltime staff person should be hired to handle the accounting functions to ensure the accuracy of the accounting records and request for reimbursements for grants that pay a stipulated pay rate for teacher hours worked as "contact hours".

Views of responsible officials of the auditee when there is a disagreement with the finding, to the extent practical - None.

Section II - Financial Statement Findings (Continued)

Internal Control Over Financial Reporting (Continued)

04-06 Inadequate Record Keeping For Requests For Cost Reimbursement Under The State Grant For Fiscal August 2004

Criteria - Adequate documentation should be maintained to support the amounts of contact hours served and reported to State of Louisiana, Department of Education and the types of classes attended by students to verify that the classes meet the approved guidelines for providing "best practices" teen pregnancy prevention strategies.

Condition - Difference were noted in several instances when comparing hours per student sign-in sheets to hours reported on the TANF Program Reimbursement Claim Forms.

Context - Systematic, prevalent throughout fiscal 2004.

Effect - A lack of accurate financial information supporting Reimbursement Request Forms could jeopardize future grant funding.

Cause - Lack of accounting personnel does not facilitate accurate reconciliations and record keeping.

Recommendation - Sign-in sheets should be independently agreed to the Reimbursement Request Forms by someone other than the person preparing the forms to verify the accuracy of the forms.

Views of responsible officials of the auditee when there is a disagreement with the finding, to the extent practical - None.

04-07 Capital Campaign Records Are Inadequate

Criteria - The Association should maintain an accounting of the Capital Campaign to track each donor's pledge from inception, cash received by year, and the pledge receivable at year end.

Condition - An accounting of donor pledges and payment received was not located.

Context - Systematic, prevalent throughout the period tested.

Section II - Financial Statement Findings (Continued)

Internal Control Over Financial Reporting (Continued)

04-07 Capital Campaign Records Are Inadequate

Effect - No one knows how much is owed to the Association and no one is billing for the balance of unpaid pledges.

Cause - Lack of personnel and turnover in volunteer assistance.

Recommendation - If feasible, we recommend the Association reconstruct the Capital Campaign records to determine how much is owed by donors. Solicitations should be made for unpaid pledges.

Views of responsible officials of the auditee when there is a disagreement with the finding, to the extent practical - None.

04-08 Maintenance of Documentation to Support Expenses

Criteria - Document must be maintained to support expenditures.

Condition - Supporting documentation for several items could not be located.

Context - Isolated invoices paid during the period tested.

Effect - Additional items were vouched to ascertain that missing invoices was an isolated occurrence.

Cause - Lack of accounting personnel and turnover in volunteer staff.

Recommendation - Supporting documentation should be filled in an orderly manner and maintained.

Views of responsible officials of the auditee when there is a disagreement with the finding, to the extent practical - None.

Section II - Financial Statement Findings (Continued)

Compliance and Other Matters

04-09 Audited Financial Statements Were Not Timely Filed

Criteria - Louisiana state law requires all governmental and quasi-governmental entities to have audit engagements completed with six months of the close of the Association's year end.

Condition - The required audited financial statements were not filed on a timely basis with the Legislative Auditor for the State of Louisiana in correlation with the filing requirements of Louisiana State law.

Questioned Costs - None noted.

Context - Isolated to the twenty four month period ended August 31, 2004.

Effect - Not filing timely reports could result in a loss of funding or disqualification from future funding.

Cause - Filing deadlines were not honored.

Recommendation - In the future, steps need to be taken to ensure that the required financial statements are filed in a timely manner.

Views of responsible officials of the auditee when there is a disagreement with the finding, to the extent practical - None.

Section III - Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

MANAGEMENT'S CORRECTIVE ACTION PLAN
ON CURRENT YEAR FINDINGS

**Robert Mills Lusher Alternative Elementary
School Parent-Teacher-Student Association**

For The Twenty-Four Month Period Ended August 31, 2004

Section I - Internal Control and Compliance Material to the Financial Statements

Internal Control

04-01 Recommendation - We recommend the Association consider having other personnel involved in the accounting function, although to employ such controls may not be cost beneficial.

Management's Corrective Action - The Association has neither the qualified personnel nor the funds to hire additional personnel to assist in the accounting functions. The Association will analyze its financial condition and attempt to budget current funds or obtain new funding to hire a full time staff person.

04-02 Recommendation - The Association should require teachers to complete a payment log for each day that fees are collected to document the student's name, amount paid, and what classes are being attended. These logs should be accumulated by the Association's bookkeeper and filed permanently as support for bank deposits. The payments of fees should also be reconciled to class attendance records.

Management's Corrective Action - These procedures will be implemented.

04-03 Recommendation - The Association should request adequate documentation from the School to support the amount of assessment fees received.

Management's Corrective Action - This information will be requested from the School and reconciled to the amount received.

04-04 Recommendation - Detailed reconciliations of hours worked by each person as reported on sign-in sheets, multiplied by the cost reimbursement rate by category as approved in the grant, should be prepared to agree the total for each person to the amounts reported on each Reimbursement Invoice for all grants that are on a cost reimbursement basis with stipulated salary pay rates. A full time staff person should be hired to handle the accounting functions.

Section I - Internal Control and Compliance Material to the Financial Statements (Continued)

Internal Control (Continued)

04-04 (Continued)

Management's Corrective Action - These reconciliations were prepared, but could not be located, due to turnover in volunteer staff. The Association is considering hiring a bookkeeper.

04-05 Recommendation - As noted in Item 04-04, a fulltime staff person should be hired to handle the accounting functions to ensure the accuracy of the accounting records and request for reimbursements for grants that pay a stipulated pay rate for teacher hours worked as "contact hours".

Management's Corrective Action - The Association is considering hiring a bookkeeper which will eliminate errors in amounts requested for reimbursement.

04-06 Recommendation - Sign-in sheets should be independently agreed to the Reimbursement Request Forms by someone other than the person preparing the forms to verify the accuracy of the forms.

Management's Corrective Action - The Association is considering hiring a bookkeeper which will eliminate minor errors.

04-07 Recommendation - If feasible, we recommend the Association to reconstruct the Capital Campaign records to determine how much is owed by donors. Solicitations should be made for unpaid pledges.

Management's Corrective Action - The Association will investigate the situation to determine what errors exist and make a decision on preparing a pledge listing.

04-08 Recommendation - Supporting documentation should be filled in an orderly manner and maintained.

Management's Corrective Action - Supporting documentation is maintained and the missing invoices was an isolated incident.

Section I - Internal Control and Compliance Material to the Financial Statements (Continued)

Compliance and Other Matters

04-09 Recommendation - In the future, steps need to be taken to ensure that the financial statements are filed in a timely fashion.

Management's Corrective Action - The Association will strive to comply with this requirement in the future.

Section II - Internal Control and Compliance Material To Federal Awards

Lusher Alternative Elementary School PTSA did not receive federal awards in excess of \$300,000 during the year ended August 31, 2003 or \$500,000 during the year ended August 31, 2004 and, therefore, is exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Section III - Management Letter

A management letter was not issued in connection with the audit for the twenty-four month period ended August 31, 2004.